



U.S. Department of Justice

Environment and Natural Resources Division

BSG:AML
DJ No. 90-11-3-1620/2

Environmental Enforcement Section
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October 16, 2001

EPA Region 5 Records Ctr.



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VIA EMAIL, TELECOPY, AND REGULAR MAIL

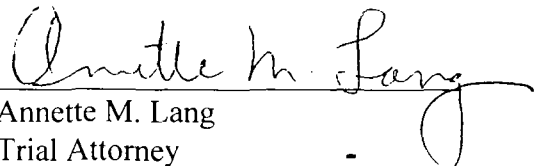
David E. Northrop, Esq.
Porter Wright Morris & Arthur
41 S. High St.
Columbus, OH 43215-6194

Re: United States v. Aeronca, Inc. et al.
Civil Action No. 1:01 CV 00439
Results of the Review of Aeronca's Ability to Pay

Dear David:

The United States has completed its review of the financial information that Aeronca submitted in support of its claim of a limited ability to pay the demand made by the United States in settlement of the above-referenced action. When the United States undertakes an ability to pay analysis, one of the primary questions we ask is whether a company has an ability to borrow funds. It does not matter whether the borrowing ability come from loans made available by a third-party or from loans of a shareholder. In this case, it is clear that Aeronca has been able to secure significant loans -- apparently in excess of \$25 million -- over the past several years. The fact that the loans come from Aeronca's parent is irrelevant. Given this history, it is our opinion that Aeronca has not demonstrated that it would be unable to secure borrowing to pay the liability that the United States and the Skinner Work Group claim is due and owing. Thus, we reject Aeronca's ability to pay claim.

Sincerely,


Annette M. Lang
Trial Attorney

cc: Craig Melodia (via email and regular mail)
Mike O'Callaghan (same)